TRANSCRIPT: Keynote Address
Agriculture Secretary Tom Vilsack at the U.S. Department of Agriculture's "Agricultural Outlook Forum 2009"

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SECRETARY TOM VILSACK: Thank you, folks. Thank you. John [Norris], thanks very much.

I find myself somewhere between John Norris and Larry Summers. John introduced himself as a young man raised on a farm. Larry Summers introduced himself as someone who knew nothing or very little about farming. And I find myself in the middle.

When Larry was introduced, he made the comment about Lyndon Johnson in the introduction and how his mother would have believed the introduction. I can tell you that if my mother and father were alive today they would not believe that I was Secretary of Agriculture.

[Laughter]

I was raised in a city. As close as I got to farming was my father's tomato plants in the back yard of our home in Pittsburgh. But I was fortunate enough to have met a young lady in college who was from a small town in Iowa, and after I graduated from law school we made the decision to go back to her home town. And I practiced law in a small town in Southeast Iowa.

It was there that I had my first contact, real contact, with those who farm the land. It was as a preparer of income tax returns. And the way it worked in our office was, that folks would come in with a grocery sack full of papers and calendars and little pieces of paper with numbers on them. They would dump the papers on your desk and say, "This is our records; fill out our tax return, and by all means don't charge us more than $25!"

[Laughter]

I learned a very valuable and important lesson doing those tax returns. And that is that farming is, I think and believe in my heart, is the most difficult occupation, job, calling, of any in the country. You have no control over your input costs, you have very little control over what you get for that which you grow, and you have absolutely no control over the weather. And it was a very important lesson to be learned in the early 1970s.

In the 1980s our law practice changed from focusing on preparing tax returns to representing farmers during a very difficult time in my state, during the farm crisis, when we saw a significant number of farmers lose their farms. And I had the privilege and honor of representing them in an effort to try to save their farm. And it was during that course of work that I met a number of people that I represented, and I realized and appreciated that it wasn't just about a way of life. It wasn't just about a business. It wasn't just about land. It wasn't just about a way to make a buck. It was truly a value system, an important value system that is at the core of what it means to be from this country.

It was a belief that with hard work, playing by the rules, raising your kids right, committing yourself to the community, that you could make a good living, and that you could be proud of the work that you do by feeding not just your family but the country's families and the world's families.

During that course of representing those farmers, I realized that it was going to be important for agriculture generally to look for as many opportunities and options for financial support and help and assistance, to diversify the way in which agriculture could

earn income, so that those farmers could stay on the farm and that value system could be preserved.

I took that concept and that idea when I became mayor of a small town, where we focused on economic development and created job opportunities for farmers and their spouses.

I took it to the State Senate when we focused on diversifying economic development for the state of Iowa. I took it to my job as governor, where as John indicated we focused a great deal on biotechnology, on ethanol production, a variety of opportunities for farmers to profit.

And I take it to this job. Now, this job is a lot different, I have found out in just a couple of weeks, than being a governor. When you're a governor you can hire people when you want, and you can pretty much set the agenda. When you're part of an administration, that's not the case. You have a higher boss. And the first thing that happened to me when I got this job was that the higher boss, the President, made very clear what his instructions were. And I'm going to review those instructions; I'm going to review some of the other aspects that will shape the way in which I think USDA needs to head.

And there are a number of different aspects here. The first is the instructions I received from my boss, the President. He was very clear. He had three goals for this department in addition to all of the obvious goals. He wanted to make sure that America's children in particular had more nutritious food. He's very, very concerned about the health and welfare of America's children.

He wanted to make sure that we did everything we could at USDA to expand energy opportunities, the capacity of our land, our farms, and our ranches to produce alternative forms of energy and fuel. And he wanted to make sure that we worked hard at doing the research necessary to allow, over time, agriculture to transition away from its rather significant dependence today on fossil fuels.

So that was one set of instructions that dictate how I see the future of USDA.

The second occurred just after I became Secretary of Agriculture when we learned that there was a problem with peanut butter as a result of a company not doing what they should have done to maintain the safety and security of that product. And while it didn't directly relate to USDA's job, it did relate to food safety and the important role that food safety plays in protecting the integrity of markets.

It's fairly clear after my conversations recently with those associated with the peanut industry in Georgia that they are feeling direct consequences of that one company's failure to maintain a safe and secure product.

So that shapes the direction and future of USDA.

What also faces the direction of USDA is the financial challenges that Larry Summers articulated today for this country, and specifically the stimulus, the Reinvestment and Recovery Act that the President signed, and USDA's role in helping to turn this economy around.

And $28 billion of the $800 billion stimulus package was directed to USDA with the instruction to get it to working in the economy as quickly as possible. And then there were the trends, not just the trends that Joe [Glauber] has outlined today, but the trends that were outlined in the Ag Census that was published shortly after I became Secretary.

Fairly significant trends. It's a snapshot. It's a picture of where we are and where we might be heading. Here, were five very interesting aspects of that Ag Census. First, the dramatic growth in the number of really small-income farms--"farm" being defined as

anything that produces $1,000 or more in sales--and the reality is that about 108,000 new small-income farms were formed in the last five years in this country. That's good news.

The second was the rather significant increase in the very large-income farms, farms that had more than a half a million dollars in sales. We added around 41,000 new farms in that category during the last five years. And of those farms, the top 125,000, representing roughly 5 percent of all of our farms and ranches in the country, produced 75 percent of our food.

The third trend that was concerning from the Ag Census was the fact that those farms in the middle, somewhere between $10,000 in sales and $500,000 in sales, we saw a decline of about 80,000 farms. Now, some of those folks probably migrated into the larger sales category, but many went out of business.

Then there was the rather startling fact that of the 2.2 million farmers and ranchers in this country, 900,000 of them, almost half, have to work off the farm at least 200 days. That's pretty much a full-time job. That's the operator; that's not the spouse or a family member. That's the operator.

And it may explain why 60 percent of America's farms have less than $10,000 in sales.

And then finally, the aging nature of farmers and ranchers in this country. In just five years we went from an average age of a little over 55 years of age to 57 years of age. I was in Georgia on Saturday, and I was driving to the meeting with some farmers. And I saw this sign which I took great comfort in. It said, "Harold, Happy 50th birthday. You're not an antique, you're a collectible!" And for someone who's 58, I appreciate that.

But our farmers are aging. Why do I say that? Because of a 30 percent increase in the number of farmers over the age of 75, and a 20 percent decrease in the number of farmers under the age of 25. So you take all of that, the President's instructions, current events, the financial challenge in the stimulus package, and the trends in agriculture generally from the Ag Census, and what it tells me is that we have a lot of work to do.

We have, first and foremost, a responsibility to try to work to make those small-sized farms from an income standpoint become mid-sized farms. Now what is the strategy for doing that? Well, many of those farms are producing fruits and vegetables, nuts, and specialty crops.

So you will see USDA make a major effort to try to encourage Americans, and particularly America's children, to consume more fruits, vegetables, nuts, and specialty crops.

And we have an enormous opportunity this year as we reauthorize the School Lunch and School Breakfast Programs. Most people don't realize that roughly two-thirds of our budget is food assistance programs. And with the stimulus package we're seeing a rather dramatic increase in the SNAP program, the Supplemental Nutrition Assistance Program.

Now you say, "Why was that part of the stimulus package? Why are we putting $20 billion of our resources into that program to try to stimulate the economy?" Because for every $5 that is spent in that program, we activate $9.20 of economic activity--more crops being sold, more crops being transported, more crops being retailed, more crops being consumed.

So you're going to see a major push from USDA to encourage, as we reauthorize the School Lunch Program and the School Breakfast Program, an embracing of fruits and vegetables and specialty crops, nutritious food, consistent with the President's direction, good for those small producers.

You're going to see a very significant effort on our part to improve the safety and security of our food system. Now I'm proud of the work that USDA does. We have thousands of dedicated workers every day in plants and meat packing facilities all across this country making sure that the food that we consume is safe. But we need to continue to work to do a better job with all food products, which means we need to make a commitment to modernizing the food system, focusing on preventing rather than mitigating the consequences of food-borne illness.

And 325,000 Americans every single year now go to the hospital from food-borne illnesses. And that doesn't include the millions who get sick but do not go to the hospital. We can do better, and we have to do better because when we don't it impacts markets. It impacts the capacity of our farmers and ranchers to sell their products.

You're going to see a major effort, starting with the stimulus package and continuing through the implementation of the Farm Bill, to rebuild and revitalize rural communities in this country. The Farm Bill has billions of dollars, a major effort to expand broadband for example, to unserved areas. Why is that important for USDA? Why is that important for farmers and ranchers? Because it creates opportunities for small businesses to prosper in rural communities, giving them access potentially to world-wide markets. It helps to create those off-farm opportunities that help to support those small and mid-sized farm operations.

We're going to have to rebuild the infrastructure, the basic infrastructure of rural America, starting with wastewater treatment facilities and working in concert with the Department of Transportation and Department of Commerce to rebuild roads and rail systems so we're able to transport crops, products, more quickly and less expensively. So you'll see a major effort in Rural Development.

You'll see the obvious effort on USDA's part to continue the momentum of building and sustaining an energy industry within USDA and within farming and ranching. That means biofuels, it means renewable energy, it means windmills, it means solar panels, and it means all of that and more.

Now as Joe indicated, the ethanol industry is stressed today. And so USDA has a responsibility of keeping an eye on that industry and providing assistance and help, particularly to struggling processing facilities, so that we maintain the infrastructure that can then take advantage of the second and third generation biofuels that are being developed right now with the help of USDA and the Department of Energy.

And massive amounts of money are going into research and development to figure out how to produce biofuels, not just in the Midwest but all across the country, using a variety of feedstocks.

And taking some of the pressure off this public discussion--whether it's based in fact or not, it's not really important; it is out there--and that is: are we doing food or are we doing fuel? My view is that we have the capacity and the ability to do both and need to do both. If we're to meet the President's instruction that he wants more energy production out of our farm fields and ranches, and if we are going to turn this economy around and become less reliant on fossil fuels, we've got to create more biofuel.

And you'll see efforts to accelerate the Farm Bill programs designed to identify new feedstocks, designed to provide assistance to farmers who want to raise these new feedstocks, assistance to allow them to harvest them, to transport them and store them. You'll see a commitment to helping bio-refineries be established throughout the country to utilize these new feedstocks, and you'll see us working with the Department of Energy to coordinate our efforts.

We've already provided some assistance and help in terms of their process on loan guarantees that might be helpful to get this effort accelerated. You'll see a continued effort and an aggressive effort at promoting our conservation stewardship programs. Why? Because it's good for the environment; it's good to preserve the soil; it's good to protect the water. But it's also another resource opportunity. And I've asked the staff to accelerate the rulemaking process, in terms of where the priorities were when I came into office, to lift the Conservation Stewardship Program rulemaking so that we can get those programs into effect as quickly as possible.

Now all of those strategies are really designed to help and assist specifically those small-income and mid-income farms.

For the larger production facilities, we need them: 125,000 farms produce 75 percent of the food that we consume. It's obvious they have a very important role and need to be supported. That means we need to continue to invest in science, in research and development because there's going to continue to be pressure and stress on those operations to continue to produce. Why? Because our population is growing.

But the world's population is growing. We have 6 billion people today, and it won't be long before we have 7 billion, and then we'll have 8 billion, and we'll have 9 billion. And the population continues to grow, but the amount of land available to produce crops isn't going to grow.

So we have to figure out how to do more with what we have. And that means an investment by USDA in concert with the private sector and land grant universities in figuring out how can we be more productive; how can we use less natural resources to produce these crops.

Bear in mind that we have serious issues in the western part of the country today with water. And we have issues with water quality in other parts of the country. And this is just the beginning of issues relating to water globally.

So we have an important role to play in USDA to make sure we're as productive as we can be.

We also have an important role to expand and continue to work hard on exporting our crops. The reality is that, while the country as a whole has a trade deficit, as Joe pointed out in the ag area we have a trade surplus. And so we need to continue to work hard, in the 70 countries that we're represented across the globe, in encouraging greater exporting of American products.

Now that requires us to be aggressive. It requires us to be listening to our customers worldwide and adapting our practices and our procedures to meet the demands of customers around the world, and to begin the process and continue the process of breaking down whatever barriers exist today to our capacity to export. We'll be aggressive in that area as well.

And we will embrace a new opportunity for both our farm side and our forest side. As you know, the U.S. Department of Agriculture is responsible for the National Forest Service, and works in concert with state forests and private forests. There is a tremendous opportunity for us if we embrace it. And that is to look at climate change not as a problem but as another solution, another opportunity for those to profit by using our land in ways that reduce our carbon footprint, not just on the land and not just in our farming operation but for the country generally.

As the Congress begins a discussion, a debate, about energy policy and climate change, agriculture has to be there, has to be engaged. Just as it has to be engaged in trade discussions and negotiations when we talk about labor standards and environmental

standards, ag has to be at the table to protect its interests. We've got to be at the table, we've got to be engaged in this conversation, we have to be in front of this conversation. We have to lead this conversation because we have a tremendous opportunity here, a tremendous opportunity. If we seize it.

I want to tell you. This may come as a surprise to the people in this room because you are all interested in agriculture. You're either a producer or you're selling to a producer, or you're communicating or commenting about producers. You're all interested. You're in this room; you know all about USDA. But there are many in this town that do not understand the important role that USDA plays.

I was over at the White House not too long ago and a fellow who's fairly high up in the process looked at me, and he said, "Does ag have a building in Washington? I mean, are you in Arlington? Where are you?"

[Laughter]

I looked at him and I said, "Man, we own half the Mall on the other side!"

[Laughter]

But it is an indication. It is an indication of our need to speak more specifically and more often about what we do and who we are. Farmers and rancher are by nature a humble lot. They don't really want to talk too much about what they do. They don't want to really focus on how noble their undertaking is. They just go about their work, and they try to get the job done.

But this is a day and an age where you've got to market and brand yourself. And if you don't, it will be easy to be forgotten, particularly in this discussion of climate change. When you hear about climate change you hear about the power industry; you hear about heavy industry. You hear about those folks. You hear about transportation; you hear about cars; you hear about emissions standards, CAFÉ standards. You hear about cap and trade applied to industry.

And 20 percent of the problem and/or the solution is right in this room, in agriculture; and USDA has to be part of it.

So it's a complicated agenda. And it is further complicated by the fact that we have this fiscal crisis that not only requires us to stimulate the economy in the short term, but to recognize in the long term that we can't continue to have trillion dollar deficits.

Just to give you a sense of how much a trillion is: I mean, I know you know how many zeros there are, but if you talked about a trillion in terms of time, a million seconds ago was last week. A billion seconds ago was 1974, '75. A trillion seconds ago was 30,000 years before Jesus Christ was on this earth. I take from that, a trillion is a lot.

[Laughter]

And we have a trillion dollar deficit this year. It's actually a trillion and a half. Much of it was inherited. We're likely to have something akin to that in the following year. We cannot saddle the next generation, we can't saddle these young people who are here today with that bill.

So we have to begin the process of having to make tough, hard decisions about where our priorities are. And if you think about budgets, as the President discloses his budget today, if you think about budgets it's really about a philosophy. It's about a framework. But ultimately it's about the question: If you had a dollar to spend, where would you spend it? It is about choices.

And the reality is that agriculture, the USDA's part of the budget, has to also be involved in making those tough choices and looking very carefully at where we spend our resources. Is it better to put a dollar into food assistance programs because of the stimulus effect, because of the capacity to encourage more fruits and vegetable consumption and increase markets that way? Is it better to put a dollar in export promotion? Is it better to put a dollar in research to increase productivity? Is it better to put a dollar in conservation stewardship? Is it better to put a dollar in climate change and paying folks for absorbing carbon? Or is it better to put a dollar into a support structure and a safety net?

Those are the choices that we collectively have to make. And they aren't easy. They aren't easy, but we have to make them because we can't get ourselves out of one financial mess only to put ourselves in another financial mess.

And so as this budget is rolled out, understand that the choices we've talked about here and the directions we've talked about--the President's instructions, the current events, the financial challenges and the trends—all, in my view, suggest a rather aggressive effort on the part of USDA to provide diverse opportunities for farmers and ranchers to succeed.

Now let me just close with this one last story because I'm closing with a note that we all have to, or many of us may have to, sacrifice or change the way we do things. And that's hard to do. But I'm confident from my experience living in rural Iowa that we can do this. And the reason I am is because I had the privilege as a governor to watch many people, mostly from rural communities, serve in our National Guard.

Now these are extraordinary individuals who sacrifice every day. Every day. Many of them today across this country are in far away places away from their family, their friends, their jobs, their communities, their home, their children, their grandchildren. And they're putting themselves in harm's way for us. They are sacrificing every day.

And as a governor, there were times when I had to call or communicate to family members whose loved one would never come back, who made the ultimate sacrifice. Tough conversations.

The one I want to share with you was a woman by the name of Olivia Smith whose husband Bruce was killed in a helicopter crash in Baghdad. Bruce was 40 years old, father of two children, left for the third time, third tour of duty away from home, his community of West Liberty, Iowa.

He went over to Baghdad. His helicopter was hit with a missile, and it was going down. He had a split-second decision to make, as it was told to me. And he had the decision, "Do I try to save my life and my co-pilot's life but maybe put the folks on board at greater risk? Or do I do what I've been trained to do and try to save those folks on board because that's my responsibility?"

He did what he was trained to do; he did what you would expect any person from 'Small Town America' to do. He put himself at risk, his co-pilot at risk. They both died. But 17 people lived that day.

And when I talked to his widow, I had a hard time just being able to put words together. And what I said to her: I talked about duty and honor and sacrifice and prayers and thoughts. And I stumbled and stammered. And finally this woman said, "You know, Governor, I've got this figured out."

And I thought, "That's pretty extraordinary. You just lost your husband, you've got these two beautiful children you have to raise by yourself, and you don't have a college degree. You have a fairly low income job. And you've got it figured out?"

And she said, "Yeah. The way I've got it figured out is that those 17 people needed Bruce more in that split second than I will need him the rest of my life."

Folks, Bruce and Olivia, they represent what's best about this country: the fact that there is something so big, so important, so great that folks are willing to risk their life, willing to live alone without their loved one for the rest of their life.

Because this is a special place, and requires all of us to respond. Sacrifice is never easy. But this country is worth it. Rural America is worth it. Farmers and ranchers and the value system they represent is worth it.

And so I have no doubt that no matter the difficulties and the challenges or the problems that all of these difficult decisions require, that we are up to the challenge. And we will emerge from this fiscal crisis a stronger and better nation.

Thank you very much.

[Applause]

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